



Robb, Jaime Bauer <jaime.robb@deq.virginia.gov>

Response to DEQ 12/18/2020 Additional Information Request

1 message

Matt Neely <Matt.Neely@timmons.com>

Tue, Dec 22, 2020 at 10:36 AM

To: "Robb, Jaime Bauer" <jaime.robb@deq.virginia.gov>

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Ms. Robb,

Please see the attached responses to your 12/18/2020 Additional Information Request Letter. Should you need any additional clarification on the provided responses, please contact my office at your earliest convenience.

Regards,

Matt Neely, PWD*Senior Environmental Project Manager*

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**DEQ Addinfo Response 12_22_2020.pdf**
409K

December 22, 2020

Ms. Jaime Robb
Regional Virginia Water Protection Manager
Virginia Department of Environmental Quality
4949-A Cox Road
Richmond, Virginia 23236

Re: Joint Permit Application Number 19-2036, Wegmans Distribution Center, Hanover County, Virginia, Additional Information Request Letter (dated 12/18/2020).

Ms. Robb,

In addition to previously submitted information, please find responses to the items requested by the Virginia Department of Environmental Quality (DEQ) in an Additional Information Request made via letter on 18 December 2020 regarding the Joint Permit Application for the Wegmans Distribution Center in Hanover County.

Comments below from DEQ (blue) with responses (in black):

1. Cost Analysis submitted as part of the Least Environmentally Damaging Practicable Alternative (LEDPA) analysis:
 - a. Upon further review, DEQ has determined that inclusion of “Lost Cost Savings” associated with rezoning and easement acquisitions is not appropriate. Please revise the cost analysis to remove the “Lost Cost Savings” line item.

This line item has been removed from the matrix as directed. Please see attached updated cost analysis.

The applicant understands that DEQ will not allow for the inclusion of “Lost Cost Savings” in the cost analysis associated with the alternatives. The removal of this line item significantly alters the cost analysis from what was previously submitted during the application review process. Due to this removal, Air Park is no longer depicted as the least expensive alternative in the attached matrix. However, while DEQ will not consider the “Lost Cost Savings” associated with the project, it is still a critical financial consideration to the Applicant and represents a very real cost. To the Applicant, the Air Park site represents the least expensive alternative, regardless of what the agency is allowed to consider.

The updated table now depicts the Flippo site as the least expensive alternative. However, it does not represent the LEDPA as the impacts to surface waters on the site are estimated to be the same or slightly higher than those associated with the Air Park site. In accordance with CWA Section 404 (b)(1) Guidelines

“When it is determined that there is no identifiable or discernible difference in adverse impact on the environment between the applicant's proposed alternative and all other practicable alternatives, then the applicant's alternative is considered as satisfying the requirements of Section 230.10(a).”

In the comparison between the Flippo and Air Park there does not appear to be an *“...identifiable or discernable difference in adverse impact on the environment”*. Thus Flippo should not be considered the LEDPA.

Additionally, while DEQ is not allowed to consider “Lost Cost Savings”, the time required to acquire the property, conduct thorough due diligence, rezone (if possible), and acquire the necessary offsite easements (if possible), represents a greater risk and expense to the Applicant than the estimated \$847,250 difference depicted in the table.

Time equates to money in land development. Properly zoned land is always more valuable than non-zoned land because it's ready to develop without any delays. Of important note is that the Air Park site was actively being marketed by the State of Virginia Economic Development Department and the Hanover County Economic Development Department, indicated that the site was ready to go for development. The same practice applies to offsite easements that are already obtained. In the end there is no guarantee the owner would sell, as the property is being utilized for forestry/timber production.

- b. Regarding Alternative 3 – Archie Cannon site, DEQ has reviewed the email correspondence you provided on November 20, 2020 regarding road improvements associated with Hill Carter Parkway. Additionally, in follow up correspondence with the Town of Ashland dated December 9, 2020 (attached), the Town has stated that there was no expectation for Wegmans to pay for the road project, but that the Town was seeking assistance in applying for a TPOF grant to cover the cost. Therefore, DEQ has determined that inclusion of the \$10.9 million for the Hill Carter Parkway Road Extension is not appropriate for inclusion in the cost analysis. Please revise the cost analysis to remove this line item.

There has been much discussion regarding the extension of Hill Carter Parkway and who would be responsible for that cost. An early estimation provided by the town (Ms. Amos) closer to the time of market entry had the cost of that project close to \$10M. While updated estimates have determined that cost to be lower, there has been no formal determination as to the cost the Applicant would incur in association with that project. It was never determined how much of the updated estimate (\$5M) would need to be covered by the Applicant after the TPOF coverage, as the Applicant had already moved on from the site due to that and other development roadblocks associated with the site (as noted in previous submissions). Please see timeline below:

- June 2019 - The Applicant estimated the cost for construction at \$5M, plus unidentified costs associated with wetlands and land acquisition.
- July 2019 - Nora Amos stated the Town believed the cost to be closer to \$10M (email 7/10/2019)
- July 2019 - Shortly after the July email, the Applicant started inquiring with its consultant and the state to get TPOF funding from VDOT. VDOT indicated there was only \$5M available, meaning the Applicant would bear responsibility for the remainder of the costs.

- August 2019 - The Applicant was unable to reach agreement with landowner and began focusing its efforts again on finding alternative sites.

The costs never changed between July 2019 and August 2019, because the Applicant never had a definite answer from the VDOT, and the Applicant never had additional correspondence from the town as they were waiting to see if the Applicant could get the property under contract. Thus, at the time the Applicant decided to move on from the site the above numbers were most relevant.

While the Hill Carter Parkway line item has been removed from the analysis as directed, the Applicant understood they still would have incurred costs associated with the extension of the Parkway, but are unable to provide an accurate number for that at this time, as it was not explored further after moving on from the site as a practicable alternative.

- c. DEQ has learned that Hanover County has agreed to provide funding for infrastructure improvements related to this proposed project. Please provide additional information regarding any funding from the County for infrastructure construction/improvements associated with the proposed project. Please indicate whether this funding is applicable only to the Air Park site or all potential alternatives. Additionally, please indicate whether or not any county funding for infrastructure construction/improvements are accounted for in the previous cost analysis provided. If the previously provided cost analysis does not account for funding from the County, please provide an explanation for why this funding should not be accounted for in cost analysis or revise the cost analysis to account for this funding.

Hanover County has agreed to provide \$1.5M in funding for infrastructure improvements related to this project in the form of a reimbursement grant, after the Applicant has spent this money on infrastructure improvements.. For the purpose of the Air Park site, the \$1.5M incentive is being used to construct a regional trunk sewer, as annotated in the attached matrix. The \$1.5M has been applied to the other alternatives in the cost analysis as a credit. Please see updated cost analysis.

2. In review of public comments received on the draft permit, DEQ has learned that prior to submitting an application for construction of the project at the Air Park site, a Letter of Intent (LOI) was executed with the property owners of Alternative 4 - Graymont. Please provide additional information regarding the LOI and information relevant to the decision that Alternative 4 did not represent LEDPA.

To conduct site due diligence on the parcel, the Applicant provided a letter of intent to the property owner in the fall of 2019. With the LOI in place, the Applicant and their consulting engineers were allowed to conduct due diligence investigations on the site (mussel surveys, Geotech borings, etc.). These investigations, along with preliminary engineering analysis, facilitated the identification of engineering site constraints, necessary offsite improvements, feasibility of future expansion, as well as other potential roadblocks to the development process. As a result of their due diligence the Applicant determined the site was not practicable for a multitude of reasons, such as:

- Estimated \$8.75M in road improvements to Elletts Crossing and Hickory Hill
- Required sanitary sewer pump station along with approx. 2 miles of 8" sanitary force main

- Results of Geotech borings pointed to potential additional engineering constraints with respect to the subsurface and building foundation depths
- Limited with respect to future site expansion
- Necessary \$2.8M site retaining wall
- Potential architectural historic resource (Colonial Revival-style dwelling)

In addition to the items listed above (and those previously submitted) regarding Graymont , truck access to route 1 would be potentially risky due to safety concerns associated with the railroad overpass of Elletts Crossing Road (see image below).



Thank you for your attention to this project. Please contact Matt Neely at (804) 200-6369 or matt.neely@timmons.com if there are any questions and/or if additional information is required.

Sincerely,
Timmons Group

Matt Neely, PWD
Senior Environmental Project Manager

CC: Bryan Jones (DEQ)
Todd Miller (USACE)
Tom Walker (USACE)
Elaine Holley (USACE)

Attachments:

- Updated Estimated Cost Analysis Matrix (12/21/2020)

Updated Estimated Cost Analysis (12/21/2020)

Site	Flippo	Blenheim	Archie Cannon	Graymont	Air Park
Wetland and Waters Impacts	app. 15 acres	app. 16.4 acres & app. 2,366 lf stream	app. .5 acres & 1,953 lf stream	app. 1.1 acres and 689 lf stream	14.8 acres
Estimated Development Cost					
Mitigation Cost (based on \$35,000/wetland cr. and \$300/stream cr.)	\$ 1,050,000.00	\$ 1,857,800.00	\$ 620,900.00	\$ 283,700.00	\$ 1,029,350.00
Assessed Value	\$ 2,005,100.00	\$ 1,865,700.00	\$ 9,326,600.00	\$ 1,993,000.00	\$ 4,406,000.00
Signalization of Archie Cannon Dr/RT	\$ -	\$ -	\$ 500,000.00	\$ -	\$ -
Sanitary sewer relocation	\$ -	\$ -	\$ 750,000.00	\$ -	\$ -
Sanitary Pump Station and FM	\$ -	\$ 1,800,000.00	\$ -	\$ 1,500,000.00	\$ -
Site Retaining Wall	\$ -	\$ -	\$ -	\$ 2,800,000.00	\$ -
Sliding Hill Road Improvements (curve softening)	\$ -	\$ -	\$ -	\$ -	\$ 500,000.00
New Turn and Acceleration Lane Sliding Hil Road	\$ -	\$ -	\$ -	\$ -	\$ 290,000.00
Sanitary Trunk Sewer Extension Along Little River (14,000LF @ \$200/LF)	\$ 2,800,000.00	\$ -	\$ -	\$ -	\$ -
I-95 Bore for Force Main Extension (700LF @ \$500/LF)	\$ -	\$ 350,000.00	\$ -	\$ -	\$ -
I-95 Bore for Sanitary Main Extension (700LF @ \$750/LF)	\$ 525,000.00	\$ -	\$ -	\$ -	\$ -
Ellet's Crossing and Hickory Hill Road Improvements (Blenheim ~9,500 LF @ \$2,500/LF)(Graymont ~3,500LF @ \$2,500)	\$ -	\$ 23,750,000.00	\$ -	\$ 8,750,000.00	\$ -
12" Water Main Extension Along Hickory Hill Road (6,700 LF @ \$150/LF)	\$ -	\$ 1,005,000.00	\$ -	\$ -	\$ -
I-95 Bore for Water Main Extension (700LF@ \$500/LF)	\$ -	\$ 350,000.00	\$ -	\$ -	\$ -
Offsite Easement Acquisition (8,300LF @ \$60/LF)	\$ 498,000.00	\$ -	\$ -	\$ -	\$ -
County Infrastructure Incentive \$1.5M	\$ (1,500,000.00)	\$ (1,500,000.00)	\$ (1,500,000.00)	\$ (1,500,000.00)	\$ (1,500,000.00)
Brown Grove Regional Trunk Sewer	\$ -	\$ -	\$ -	\$ -	\$ 1,500,000.00
Est.Cost Total:	\$ 5,378,100.00	\$ 29,478,500.00	\$ 9,697,500.00	\$ 13,826,700.00	\$ 6,225,350.00
Difference:	\$ (847,250.00)	\$ 23,253,150.00	\$ 3,472,150.00	\$ 7,601,350.00	
Order of magnitude expense to preferred site	0.9	4.7	1.6	2.2	